



COMMONWEALTH of VIRGINIA

Office of the Governor

George Allen
Governor

September 19, 1997

The Honorable Newt Gingrich
Speaker of the House
H-232 Capitol Building
Washington, DC 20515

Dear Mr. Speaker:

I am writing to express my support for the principles of H.R. 1054, the Internet Tax Freedom Act. The moratorium on Internet taxation called for by this legislation has the potential to boost the long-term growth and utilization of this technology tool in Virginia and across the nation.

As a strong supporter of the Constitution's rich federalist tradition and a firm believer in common-sense Jeffersonian conservative principles, I recognize the apparent tension created by this legislation between the important principles of lower taxes and State sovereignty. I firmly believe, however, that the proper balance exists in this bill between these two seemingly distinct ideals.

Our Founding Fathers initiated the Constitutional Convention largely because of the discriminatory tax and regulatory burdens levied by the governments of the original States on interstate commerce. As you know, the framers of the U.S. Constitution preferred the principle of free trade in a national market over the tax balkanization of our economy. Unfortunately, today's Internet users must contend with those who believe in increased government revenue at any cost. We must stand strong against those who propose multiple, confusing and burdensome taxation policies which impede the growth and continued technological advancement of commerce, education and information through the Internet.

By placing a moratorium on new Internet taxes, H.R. 1054 will create a tax "time out." This will give policy makers a chance to develop a thoughtful policy. I would expect that State and local involvement will be an essential component in the policy development.

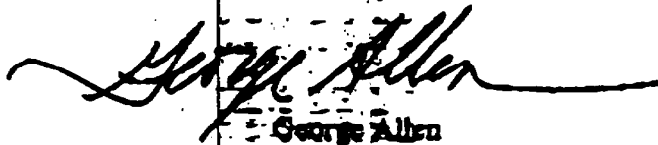
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As I told my fellow Governors at the recent National Governors' Association (NGA) Summer meeting in July and at the Southern Governors' Association (SGA) meeting this past weekend, we must not place inconsistent and unadministrable taxes on the Internet and interactive computer services. The potential benefits to Virginia and all States from a growing, thriving Internet are enormous. From students to surgeons, small business owners to software developers, we will all gain from the technological advances brought about by expansion of the Internet. Only the heavy hand of increased government imposing burdens by local commissars can diminish the bright promise of this new medium of communication. This is not a usual, reliable source of revenue for localities.

Mr. Speaker, I support efforts to place a moratorium on Internet taxation and respectfully urge you to lend your support as well. Together, I am confident we will achieve the significant goals of ensuring fewer taxes and demanding less government while maximizing the potential of emerging technologies in the best interest of all citizens of the United States.

With kind personal regards, I remain,

Sincerely,



George Allen

GA:jmj

cc: The Honorable Thomas J. Bliley, Jr.